United Nations A/55/479

General Assembly

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Fifty-fifth session
Agenda item 116
Review of the efficiency of the administrative and financial functioning of the United Nations

Outsourcing practices

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on outsourcing practices (A/55/301), submitted pursuant to General Assembly resolution 54/256 of 7 April 2000. During its consideration of the report, the Committee met with representatives of the Secretary-General who provided additional information and clarification.

2. The Advisory Committee recalls that the General Assembly, in its resolution 54/256, endorsed the United Nations guidelines on outsourcing set out in the report of the Secretary-General (A/53/818, sect. III), pending consideration of a report to be submitted to it at its fifty-fifth session defining, in a more detailed way and with justification, the criteria for decisions on which activities and services should or should not be outsourced.

3. The Committee notes that in response to that request the Secretary-General has chosen to establish guidelines which would serve as criteria for programme managers on activities that may be considered for outsourcing. The four criteria enumerated in his report (A/55/301), namely, cost-effectiveness and efficiency; safety and security; maintaining the international character of the Organization; and maintaining the integrity of procedures and process, must be considered when evaluating whether an activity is suitable for outsourcing.

4. Consequently, according to the Secretary-General, for an activity to be fully or partially outsourced it must be demonstrated that it can be more economically and at least equally efficiently done by an external source; and that the outsourcing would not compromise the safety and security of delegations, staff or visitors or the international character of the Organization or the public perception thereof; and would not result in a breach of established procedures and process.

5. The Committee requested clarification on the scope of application covered by the report, but did not receive an adequate reply; this clarification should be provided to the Fifth Committee.

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Review of the problem of human immunodeficiency virus/acquired immunodeficiency syndrome in all its aspects

Note verbale dated 10 October 2000 from the Permanent Mission of Burkina Faso to the United Nations addressed to the Secretary-General

The Permanent Mission of Burkina Faso to the United Nations presents its compliments to the United Nations Secretariat and has the honour to transmit herewith the text of the Ouagadougou Declaration, which was adopted at the end of the 5th Pan-African Conference, held at Ouagadougou from 21 to 25 September 2000, under the auspices of the Red Cross and Red Crescent.

The Permanent Mission of Burkina Faso would like the aforementioned document to be issued as an official document of the General Assembly under agenda item 179.

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Annex to the note verbale dated 10 October 2000 from the Permanent Mission of Burkina Faso to the United Nations addressed to the Secretary-General

5th Pan African Conference of Red Cross and Red Cresent Societies

Ouagadougou Declaration

[Original: English]

The 5th Pan African Conference was convened in Ouagadougou, Burkina Faso, from 21 to 25 September 2000 with delegates from 52 African National Red Cross and Red Crescent Societies in attendance,

Under the theme of
"The Power of Humanity - Building a Healthy Future"

The Conference focused on the key issues of

- The African Red Cross/Red Crescent Health Initiative (ARCHI 2010);
- Food security

The Conference recognized the achievements since the last Pan African Conference in Kampala. It furthermore noted the enormous challenges posed by the worsening health situation especially related to the dramatic HIV/AIDS pandemic and its far-reaching consequences, as well as the deteriorating food security situation in Africa.

COMMITMENTS

In accordance with the Fundamental Principles of the International Red Cross and Red Crescent Movement and its humanitarian mission, and their dedication to working as the International Federation in Africa, the National Red Cross and Red Crescent Societies of Africa commit to:

I. Making a major difference to the health of vulnerable people in Africa by adopting and implementing the ARCHI 2010 strategy;

II. Responding to the HIV/AIDS pandemic as an unprecedented humanitarian and development disaster in Africa, by massively scaling up their response in terms of advocacy, prevention, care and mitigation;

III. Making food security a strategic priority for this decade, recognizing that food insecurity is directly linked to a number of root causes, including poverty, the HIV/AIDS pandemic, the worsening debt crisis and armed conflict;

IV. Building up National Society capacities for improved management, coaching and support of their volunteers and branch networks.

PLAN OF ACTION

Within the framework of Strategy 2010 and to the extent of their capacities, National Red Cross and Red Crescent Societies in Africa commit to the following plan of action.

ON HEALTH

- Contributing to improved health and care in communities, including those affected by conflict and disaster;
- Implementing focused Red Cross and Red Crescent health programmes through the agreed Pan African health strategy ARCHI 2010;
- Strengthening the operational capacities and expanding the network of qualified people and branches to enable them to scale up programmes to make a major difference in the health of vulnerable people;
- Promoting healthy behaviours, advocating for appropriate government policies and increasing the international community's awareness of Africa's priority health problems;
- Monitoring and evaluating achievements and continuously improving performance in public health programmes;
- Developing, adapting and using tool kits and application materials to ensure accurate information is provided at the community level;
- Complementing services by working in partnerships with communities, Ministries of Health, UN agencies, and other national and international organizations.

ON HIV/AIDS

- Advocating forcefully for an urgent and adequate international response to the HIV/AIDS pandemic in terms of prevention, treatment and care;
- Calling for a comprehensive and co-ordinated strategy from communities, governments, national and international organizations and the private sector for continent-wide support to awareness and prevention campaigns and access to treatment and care for people living with HIV/AIDS;
- Breaking the silence by talking openly amongst themselves and to others about sexual behaviour and reproductive health ;
- Lobbying and supporting governments to prioritize HIV/AIDS and to take appropriate action; preventing discrimination and avoiding stigmatisation of People Living with HIV/AIDS (PLWHA).
- Actively involving PLWHA in their work;
- Advocating for increased access to affordable drugs and the basic health infrastructure required to deliver the drugs needed to improve the lives of PLWHA;

- Contributing to behavioural changes on a large scale in the communities of Africa by using all existing means to spread simple, culturally sensitive, messages around abstinence, fidelity and use of condoms;

- Making the RC/RC a better home for PLWHA by promoting and protecting their rights and human dignity, both in the organization and outside;

- Training family members in basic care, first-aid and psycho-social support by building on existing community support systems and facilitating access to available external resources;

- Strongly advocating for increased support for orphans and providing care within existing capacities and available resources;

- Participating in the HIV/AIDS partnerships and debates at all levels, aiming to improve their advocacy and learning;

- Exploring possibilities of contributing to the prevention of mother to child transmission;

- Including HIV/AIDS in all their programmes;

- Continuing to develop strategic plans as well as detailed annual plans of action;

- Calling upon their International Federation to urgently launch an appeal to support their country plans and co-ordinate subsequent action.

ON FOOD SECURITY

- Using the draft position paper with amendments as a basis for a process that will define both strategic directions and action plans for this decade;

- Developing in each National Society a specific analysis and approach and areas of focus for improving food security; working within existing government food security policies. Should these not exist, advocating to their governments to create them;

- Systematically incorporating food security planning into all Red Cross/ Red Crescent disaster preparedness and response programmes;

- Applying lessons learnt from the ARCHI 2010 process to food security programming;

- Using Vulnerability and Capacity Assessment (VCA) tools for defining and planning to respond to food insecurity;

- With the support of the Federation, the ICRC, participating National Societies, governments, UN agencies, NGOs and other stakeholders, sharing experiences and developing strong partnerships for food security including household food security;

- When designing emergency programmes, linking relief and development through capacity building initiatives;

- Always involving beneficiaries and enhancing local coping strategies, including local food production systems and, as much as possible, use of local resources, e.g. locally adapted seeds;

- Participating in early warning systems and advocating for their establishment where they do not exist;

- Giving consideration to developing more innovative responses, including cash-based interventions;

- Taking gender issues into consideration in all food security activities and advocating for women's rights, in particular to land access, land tenure and credit;

- Developing activities for the improvement of the environment, in particular reforestation and water conservation;

- Developing food security programming with a measurable impact through appropriate targeting, implementation, monitoring and evaluation;

- Asking donors to allocate 10% of their emergency relief budgets to African National Societies to meet their overhead costs.

ON VOLUNTEER MANAGEMENT

- Actively supporting the Work Plan on Volunteering developed by the Federation Secretariat in follow-up to the International Conference;

- Developing clear recruitment strategies, adopting coaching systems better adapted to the needs of volunteers as well as developing appropriate pedagogic tools;

- Making use of cultural and traditional values which facilitate recruitment and management of volunteers;

- Implementing programmes that will contribute to mobilizing volunteers, promoting their personal development and, through the Power of Humanity, reinforcing their commitment to the Red Cross and Red Crescent;

- Developing a system and finding creative solutions to motivate volunteers, in conformity with the Principles of the International Red Cross and Red Crescent Movement.

Ouagadougou, 25 September, 2000

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Agenda item 125
United Nations pension system

United Nations pension system

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations Joint Staff Pension Board to the General Assembly at its fifty-fifth session.[1] The Committee also had before it the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund (UNJSPF) (A/C.5/55/3) and the report of the Board of Auditors to the Assembly on the accounts of the Fund for the biennium ended 31 December 1999.[2] During its consideration of these matters, the Committee met with the Chairman of the Pension Board, representatives of the Secretary-General and the secretariat of UNJSPF.

II. Actuarial matters

2. Paragraphs 14 to 47 of the report of the Pension Board deal with actuarial matters, including the results of the twenty-fifth actuarial valuation of the Fund as at 31 December 1999. The previous valuation had been prepared as at 31 December 1997 and its results were reported to the General Assembly at its fifty-third session in 1998.[3] The actuarial valuation determines whether the present and estimated future assets of the Fund will be sufficient to meet its liabilities.

3. The Advisory Committee notes from paragraph 19 of the current report that the Pension Board approved the actuarial assumptions recommended by the Committee of Actuaries to serve as the basis for the twenty-fifth regular valuation, prepared as at 31 December 1999. Paragraph 23 of document A/55/9 gives the results of the twenty-fifth regular valuation, as compared with the results of the previous valuation as at 31 December 1997. The economic and participant growth assumptions for the regular valuation as at 31 December 1999 were the same as those used in the previous valuation.

4. As indicated in paragraph 24 of the Pension Board's report, the twenty-fifth regular valuation showed, as at 31 December 1999, a decrease of 3.89 per cent in the required contribution rate (from 23.34 to 19.45 per cent), resulting in an actuarial surplus of 4.25 per cent of the pensionable remuneration. The elements contributing to the decrease in the required rate of contribution are described in paragraph 25. As in the previous valuation, the decrease in the required rate of contributions was due mainly to the strengthening of the United States dollar and the investment returns since the last valuation.

5. In paragraphs 28 to 31 of the report of the Pension Board, the results of the actuarial valuation of the Fund are also presented in dollar terms and compared with the magnitude of projected liabilities of

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the Fund as at 31 December 1999. The surplus of $5,278.6 million, as at 31 December 1999, under the current regular valuation represented 11.4 per cent of the projected liabilities of the Fund, as compared with the surplus of $417.3 million under the previous valuation, which had represented only 1.0 per cent of the projected liabilities of the Fund. The Committee was furnished with a table showing the evolution of actuarial valuation of the Fund since 1976 both in absolute terms and as a percentage of projected liabilities (see annex to the present report).

6. In paragraph 47 of its report, the Pension Board noted the conclusion of the Committee of Actuaries "that it would be prudent to set aside, for adverse contingencies, a portion of the surplus equivalent in present value to between 2.0 per cent and 2.25 per cent of pensionable remuneration, subject to future review; the balance might be used for benefit/contribution changes. If the experience should continue to be favourable as of the next actuarial valuation (31 December 2001), additional portions of the surplus might then be made available for further benefit/contribution changes" (A/55/9, para. 35). The Board also agreed with the conclusion of the Committee of Actuaries, as indicated in paragraph 37, "that the present contribution rate of 23.7 per cent of pensionable remuneration is sufficient to meet the benefits requirements under the Plan". **The Advisory Committee agrees with this view and recommends that the present contribution rate of 23.7 per cent be retained. In this connection, the Committee recalls the provisions of General Assembly resolution 53/210 of 18 December 1998 "that the Pension Board should continue to monitor closely the evolution of the actuarial valuation of the Fund and that no attempt should be made to reduce the present rate of contributions to the Fund or change any other features unless and until a pattern of surpluses emerges in future valuations."**

7. A review of the two conditional decisions taken by the Pension Board and reported to the General Assembly in 1998 are discussed in paragraphs 48 to 56 of the report of the Pension Board. These were in respect of (a) changing the interest rates applicable to lump-sum commutations of periodic benefits, under article 28 (g) of the regulations of the Fund, from 6.5 to 6.0 per cent, with respect to contributory service performed as from 1 January 2001; and (b) recommending to the Assembly that the threshold for effecting cost-of-living adjustments of pensions in award be reduced from 3 to 2 per cent, effective from the adjustment due on 1 April 2001. **The Advisory Committee notes from paragraph 56 of the report that the Pension Board decided to confirm the two conditional decisions taken in 1998. The Advisory Committee agrees with the position of the Pension Board on these issues.**

8. As indicated in paragraph 57 of the Pension Board's report, the Board "decided to establish a tripartite Working Group to undertake a fundamental review of the benefit provisions of the Fund, in the light of developments in staffing and remuneration policies in the member organizations of the Fund and in pension arrangements at the national and international levels, so as to identify the future long-term needs of the Fund". The Advisory Committee notes that the terms of reference of the Working Group are included in paragraph 59 of the report. **The Committee finds these terms of reference to be rather broad. It trusts that the Working Group will eventually be in a position to focus on specific issues so as to be able to make precise recommendations.** In this connection, the Working Group, when addressing the possible use of any surplus, should consider directing part of it to the re-engineering of the operations of the Fund (see sect. VI below) in addition to considering options for an increase in benefits or a decrease in contributions.

III. Investments of the Pension Fund

9. As stated by the Secretary-General in his report (A/C.5/55/3, paras. 18 and 26), the market value of the Fund's assets had increased by $5,886 million, from $20,170 million on 31 March 1998 to $26,056 million on 31 March 2000, or 29.2 per cent. The total investment returns for the year ended 31 March 1999 and 31 March 2000 were 11.3 per cent and 18.0 per cent, respectively. After adjustment by the United States consumer price index, the "real" rates of return for the years ended 31 March 1999 and 31 March 2000 were 9.2 per cent and 13.8 per cent, respectively. The cumulative annualized total rate of return over the 40-year period for which data are available was 9.3 per cent, or a "real" rate of return of 4.6 per cent, after adjustment by the United States consumer price index. The Advisory Committee was informed that since the end of the reporting period, the investment

environment has significantly changed, as markets have been very volatile. In this connection, the Committee recalls its statement in paragraph 10 of its report A/53/511 that it "is aware that the market value of the Fund is subject to fluctuation".

10. The Advisory Committee notes that, pursuant to General Assembly resolution 49/224 of 23 December 1994, a benchmark introduced on 1 January 1997 has been used to compare the Fund's performance with major international equity and bond indexes. During the two years under review, the Fund underperformed its benchmark in the first year ended 31 March 1999 and outperformed it substantially in the second year ended 31 March 2000 (A/C.5/55/3, paras. 28 and 29).

IV. Investments Committee

11. Article 20 of the Regulations of the Fund provides that members of the Investments Committee shall be appointed by the Secretary-General after consultation with the Pension Board and the Advisory Committee on Administrative and Budgetary Questions, subject to confirmation by the General Assembly. The Secretary-General conveyed to the Board the names of three members of the Investments Committee whom he intended to propose to the Assembly for confirmation at its fifty-fifth session, after consultation with the Advisory Committee. They would all be reappointed as members for further terms of three years, commencing on 1 January 2001 (see A/55/9, para. 104). The Committee has written in this regard to the Secretary-General to convey its concurrence.

V. Financial statements of the Fund and report of the Board of Auditors

12. The Advisory Committee notes from paragraphs 105 and 107 of the report that the Pension Board examined and approved the financial statements and related data on the operations of the Fund for the biennium ended 31 December 1999, as submitted by the Secretary of the Pension Board, and considered the findings and recommendations of the Board of Auditors (see A/55/9, annexes II and III).

13. Paragraph 10 of annex III to document A/55/9 contains the main recommendations of the Board of Auditors. On the subject of experts and consultants, the Board of Auditors has recommended that the Fund should implement its requirements in advance to allow adequate lead time for processing institutional contractual agreements, so as to reduce the hiring of contractors under the exception clause without recourse to competitive bidding (A/55/9, annex III, para. 53). **The Committee agrees with the view of the Board of Auditors.**

14. The internal audit coverage of the Fund's activities is discussed in paragraphs 57 to 67 of the Board of Auditors' report (A/55/9, annex III). The Advisory Committee notes from paragraphs 61 and 62 that the Internal Audit Unit of the Fund, which is located within the Office of Internal Oversight Services of the United Nations Secretariat (OIOS), was not able to fully implement its audit plans in 1998. Moreover, the Committee notes that OIOS underestimated the complexity of some of the activities of the Fund's operations in the 1999 work plan. The Fund's Internal Audit Unit, which has three established posts (one P-4, one P-3 and one General Service), had the P-3 post vacant between January and September 1998. Out of eight major operational areas of the Fund, which required audit guidelines, OIOS had prepared guidelines for only five areas, leaving investment management, actuarial services and contract services outstanding, as at May 2000. **The Committee recommends that OIOS redouble its efforts to complete its work programme in a timely manner and, as it may deem necessary, request staffing resources commensurate with the responsibilities to be carried out.**

VI. Longer-term administrative arrangements of the Fund

15. With regard to addressing future requirements of the Fund, paragraphs 122 to 146 of the Board's report discuss the essential long-term technological needs of the Fund and the modalities for meeting them with regard to computer systems, process re-engineering and technological improvements. On the basis of two studies by outside consultants and an internal assessment by the staff of the Fund's secretariat, the Fund proposes to modernize the way in which information is obtained and disseminated. The Fund

proposes establishing automated exchanges of personnel action data between the Fund's computer systems and those of member organizations, as a mean to improve the quantity and quality of transactions processed. The electronic exchange of information between the Fund and its member organizations, as well as with participants and beneficiaries, would be the key to effecting major efficiencies.

16. The Fund proposes that this project be carried out in two phases. Phase one would encompass short-term initiatives and would consist of strategic planning, project planning, functional requirements and the development of requests for proposals (RFPs) related thereto. It is expected that upon completion of this phase, the Fund would have a "blueprint" for the specific technology to be used in the further automation of pension information and related transactions. The initial phase would provide a better understanding of the costs involved in fully implementing the project, as well as a clearer indication of the potential productivity gains. Phase two of the project would involve the actual longer-term implementation of the strategic initiatives, and would include the development of interfaces to the Fund's systems with those of the United Nations and the other member organizations. This would include infrastructure development and enhancements, web data collection and the development of the web interfaces and architecture required for the data storage and web applications necessary to view the data in a secure environment. The full scope of this phase would be determined upon the completion of phase one.

17. The Advisory Committee was informed that a critically important aspect of phase one of the project would be ascertaining the level of commitment of the member organizations to participating in the effort to construct electronic interfaces between their computer systems and those of the Fund. The Committee was informed that, in particular, the project can be meaningful only if the United Nations is prepared to both accord high priority to, and provide the requisite administrative and financial resources for, building suitable interfaces between its Integrated Management Information System (IMIS) and those of the Fund. The United Nations and its funds and programmes currently employ 65 per cent of the active participants. The Committee strongly urges the United Nations to take the necessary measures.

18. The Advisory Committee notes that the Pension Board requested that the Pension Fund's secretariat proceed with the implementation of phase one of the proposed technology strategy project "within existing resources to the extent possible. The need for additional resources for the biennium 2000-2001 would be reassessed by the Standing Committee at its meeting in 2001" (A/55/9, para. 146).

19. The Advisory Committee takes note of the progress report with regard to enhancements of the role of the Fund's Office in Geneva and the delegation of personnel and procurement decisions to the Fund, as presented in paragraphs 147 to 154.

VII. Other matters

20. Paragraphs 155 to 176 of the Pension Board's report address the issues concerning the entitlement to survivor's benefits for spouses and former spouses. **The Advisory Committee agrees with the recommendations of the Pension Board to the General Assembly, as indicated in paragraphs 164, 165, 169, 170 and 176 of the Board's report.**

21. On the subject of the judgement of the United Nations Administrative Tribunal requiring action by the General Assembly (A/55/9, paras. 263-272), **the Advisory Committee shares the view of the Pension Board, as indicated in paragraphs 270 and 271.**

Notes

[1] To be issued as *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 9* (A/55/9).

[2] Ibid., annex III.

[3] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 9* (A/53/9), paras. 14-47.

Annex

Evolution of the actuarial deficit (surplus) of the Fund since 1976 expressed as a percentage of pensionable remuneration, in United States dollars, and as a percentage of projected liabilities

Valuation date	*Regular valuation economic assumptions*[a]	*Required rate of contribution*	*Deficit (surplus)*		
			As a percentage of pensionable remuneration	*In dollar terms (millions)*	*As percentage of projected liabilities*
31 December 1976[b]	3.5/7.5/3	19.95	(1.05)	(225.0)	3.0
31 December 1978	3.5/7.5/3	21.37	0.37	121.7	1.4
31 December 1980	6.5/9/6	27.82	6.82[c]	5 315.7	22.01
31 December 1982	6.5/9/6				
(a) Before changes on 1 January 1983		29.71	8.41[c]	7 057.6	25.6
(b) After changes on 1 January 1983		25.72	4.79[c]	4 018.4	16.4
31 December 1984	6.5/9/6				
(a) Before changes on 1 January 1984 and 1 January 1985		25.94	4.94[c]	4 490.6	16.5
(b) After changes on 1 January 1984 and 1 January 1985		24.76	3.01[d]	2 734.3	10.4
31 December 1986	6.5/9/6	26.15	4.40[d]	3 187.2	13.2
31 December 1988	6.5/9/6	26.21	3.71[e]	3 133.4	10.9
31 December 1990	6.5/9/6	24.27	0.57[e]	641.0	1.8
31 December 1993	6.5/9/6	25.19[e]	1.49[f]	1 857.1	4.3
31 December 1995	5.5/8.5, with 1.9 per cent cost of two-track system	25.16[f]	1.46[f]	1 688.7	4.0
31 December 1997	(same as 1995)	23.34	(0.34)[f]	(417.3)	1.0
31 December 1999	(same as 1995)	19.45	(4.25)[f]	(5 278.6)	11.5

[a] Since 1978, valuations have been carried out on a fully dynamic basis, that is to say, inflation is assumed to continue indefinitely in future.
[b] Estimated result, showing a surplus, had the 1976 valuation been carried out on a fully dynamic basis.
[c] Excess over contribution rate of 21 per cent.
[d] Excess over contribution rate of 21.75 per cent.
[e] Excess over contribution rate of 22.50 per cent.
[f] Excess over contribution rate of 23.70 per cent.